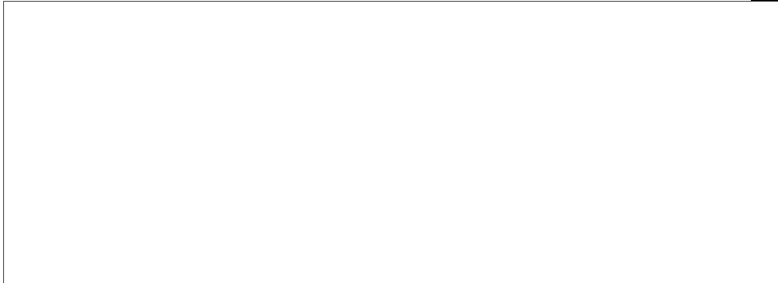




**Director of
Central
Intelligence**

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National Intelligence Daily

***Saturday
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SITUATION REPORTS

IRAN

Tehran appears to be preparing for new US sanctions.

In Tehran yesterday, the emphasis in the traditional Muslim prayers was on steadfastness and sacrifice. Ayatollah Khomeini reiterated that "American threats will not make the slightest effect" on Iran's determination to hold onto the hostages and warned that any move against Iran would lead to unrest in the Persian Gulf states.

The Revolutionary Council's refusal on Thursday to agree to transfer the hostages will not be easily reversed. The hardliners led by Ayatollah Beheshti seem certain to continue to block any final decision and demand that Ayatollah Khomeini rule on the issue.

Economic Activities

is skeptical that the National Iranian Oil Company can provide the security and labor stability necessary for the drilling program that even oil company officials have admitted is needed to continue present levels of production. These officials agree that foreign assistance is needed to mobilize a

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drilling program but say that Iran has two years to accomplish the program. Some oil buyers, however, feel Iran has less than a year before exports fall because of field problems. [redacted]

[redacted]
[redacted] there is little productive oil drilling being done in Iran. Spare parts shortages and other problems have kept all but one or two rigs out of service. Industry sources are highly skeptical of new oil finds reported by Tehran. [redacted]

[redacted]
[redacted] the standard of living in Iran is as high as it was before the revolution in large part because of government subsidies of food items and rising wages in many sectors. [redacted]
[redacted] if the US and its allies cooperate on economic sanctions, the Iranians will turn to the USSR and East European countries to make up shortages. [redacted]
[redacted]

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USSR-AFGHANISTAN

Economic Developments

Moscow agreed early this month to provide Afghanistan with \$156 million of commodity assistance without charge. We believe much of this assistance will consist of food and fuels. About 70 percent of the aid is scheduled for delivery by 1 June; the remainder by the end of the year. [REDACTED]

This action follows several years in which Afghanistan has run a large trade deficit with the USSR. In the first half of 1979, the deficit amounted to \$60 million; in 1978, nearly \$100 million; and in 1977, about \$50 million. In earlier years, as part of its \$1.3 billion economic aid program in Afghanistan, the USSR provided some \$10 million of commodity assistance annually to cover costs. [REDACTED]

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BRIEFS AND COMMENTS

RHODESIA: Preparations for Independence

Prime Minister - designate Mugabe, who takes office on 18 April, is concentrating on learning how the government functions.

The country's new leaders, whose talents and temperaments vary widely, have no experience running a government. Because of their years in exile, they also have little recent first-hand knowledge of Rhodesia. Mugabe is aware of these weaknesses and has told his cabinet to consult with the white permanent secretaries of the relevant departments before bringing problems to him.

Home Minister - designate Joshua Nkomo is frustrated because his party's poor electoral showing does not entitle it to a greater role in the government. Nkomo is also bitter over the fact that control over rural local government and the police Special Branch are being taken away from his ministry.

Nkomo nonetheless has not threatened to pull out of the government, and probably still harbors some hope of replacing Mugabe if he falters. We see no parliamentary crisis in the offing, however, that could make Nkomo an attractive alternative.

Any successor to Mugabe would most likely come from Mugabe's party, which largely represents the country's 70-percent Shona-speaking majority. Tension between Mugabe and Nkomo, however, could foster antagonism between their respective supporters. Such tension may become more evident when the new government attempts to make further progress toward integrating the various armed forces in the country--Mugabe's, Nkomo's, and the white-led Rhodesian security forces.

Since the election, peace has returned to most of the Rhodesian countryside. Although some violence continues, chiefly among rival black party supporters, curfews have been lifted, road convoys discontinued, and white reserves demobilized.

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SOUTH AFRICA: Terrorist Attacks

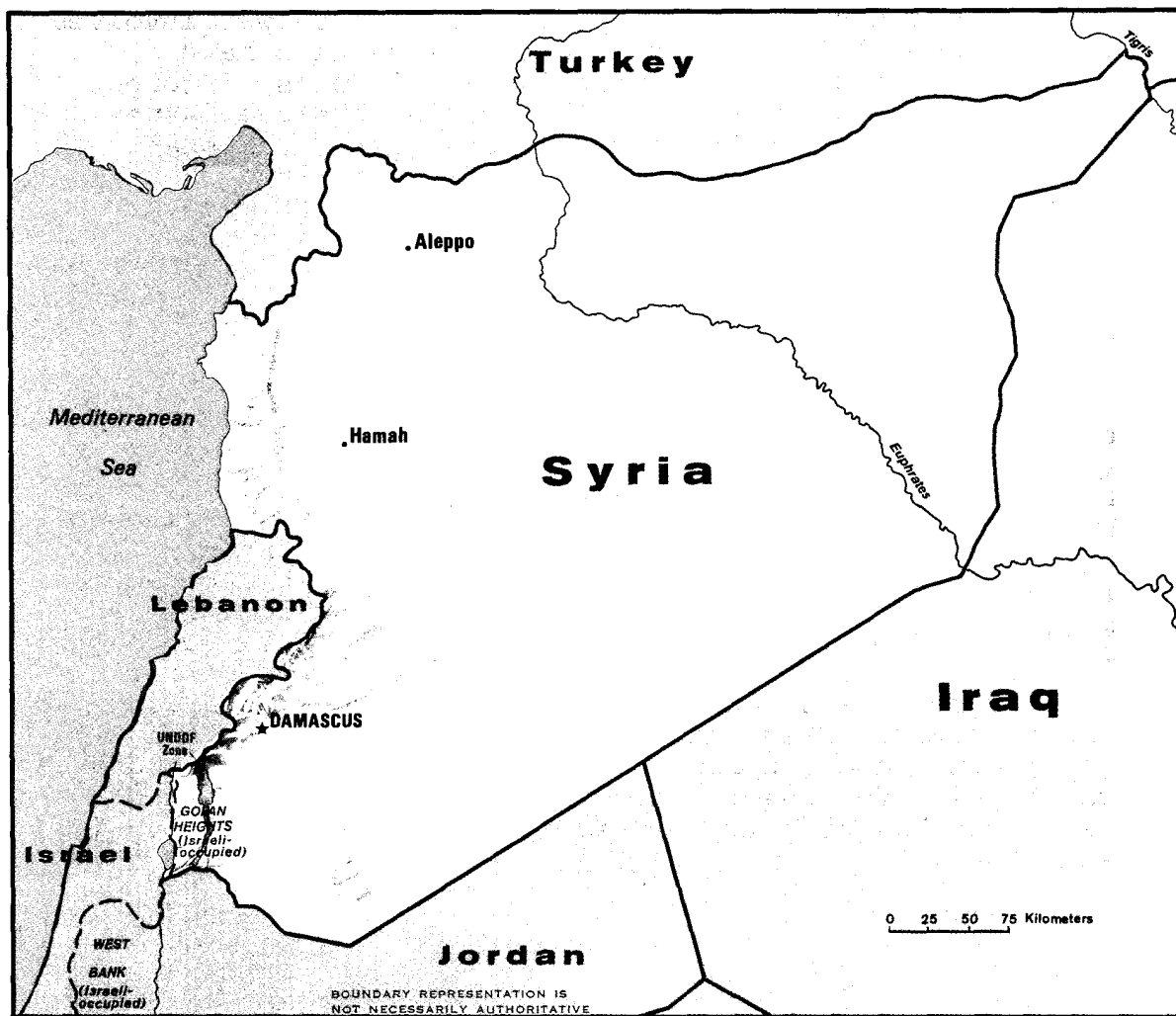
The attack yesterday on a police station outside Johannesburg was the fourth against police facilities in the past year, but the first in a white residential area. The terrorists have been attacking in larger numbers and using better weapons. The incident will reinforce white South African fears of a surge in terrorist activities following Robert Mugabe's election in Rhodesia. During the attack, the terrorists scattered leaflets calling for the release of an imprisoned African National Congress leader. This action probably will allow the government to crack down on several black organizations campaigning for the release of ANC President Nelson Mandela, who has been imprisoned for the past 16 years.

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SYRIA: Tension Continues

The security situation in central and northern Syria remains volatile, but Damascus is calm. A one-day general strike shut down Aleppo on Monday despite the presence of the 3rd Armored Division and elite special forces. Defense Minister Tlass and two senior Baath Party officials went to Aleppo Thursday to try to negotiate with community leaders. Tension also remains high in Hamah, another chronic trouble spot.

TURKEY: Presidential Election Stalled

After 18 ballots the Turkish parliament has yet to elect a successor to President Koruturk, whose seven-year term expires tomorrow. Under the constitution, Senate Chairman Ihsan Caglayangil, a member of Prime Minister Demirel's ruling Justice Party, will become acting president until parliament selects a permanent replacement. The nature and extent of Caglayangil's powers under this arrangement are not clear, however, and any attempt by him to exercise real authority could precipitate a government crisis.

Lacking parliamentary majorities, Turkey's two major parties must cooperate to garner the 318 votes needed to elect a president. Opposition leader Ecevit has at least indicated a willingness to consult with Demirel, but the Prime Minister seems to be stalling in the hope that Caglayangil or some other Justice Party member will be elected to this prestigious post. Although the Turkish military has so far remained aloof from the maneuvering, the possibility of its involvement in the election will increase if civilian leaders prove incapable of agreeing on a compromise choice.

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MOZAMBIQUE: Pro-Soviet Ministers Replaced

President Machel on Thursday removed from the cabinet two of his chief pro-Soviet advisers, Planning Minister Marcelino dos Santos and Information Minister Jorge Rebelo, and appointed them to advisory positions in the country's only political party. Dos Santos' replacement, Mario Machungo, has been deeply involved in attempts to attract US investment to Mozambique. This is the strongest indication to date that Machel wants to liberalize Mozambique's economy and open the way for improved relations with the West. The transfers are another setback for the Soviets in Mozambique.

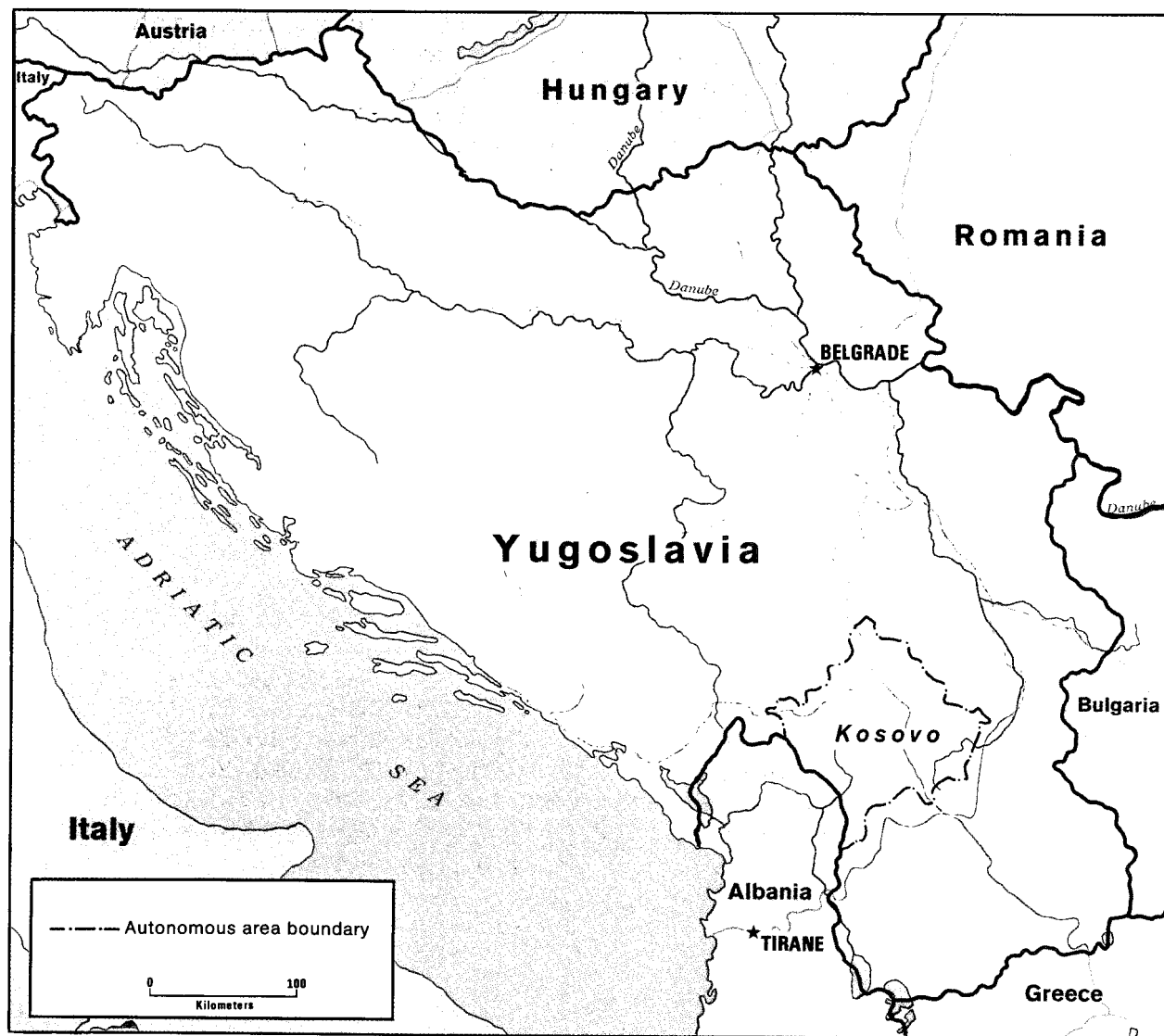
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YUGOSLAVIA: Nationalities Problem

A recent article in an influential Belgrade daily newspaper about unrest and the trial of 50 ethnic Albanians in the autonomous province of Kosovo is causing domestic problems. The party chief in Kosovo has publicly condemned the article, and a spokesman for the Foreign Secretariat stated in a press conference yesterday that the newspaper's coverage of the events in Kosovo was "unfounded." The government apparently wants to end public discussion of the nationalities problem--potentially the single most divisive issue the post-Tito leadership will face. The regime may also fear that publicity about the trial would cause friction with Albania, which has sought to improve relations and reportedly plans to send its Foreign Minister to Belgrade soon. This would be the first visit by an Albanian official of this level since Tirane broke relations with Belgrade in 1948. [redacted]

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CHAD: Renewed Fighting

French efforts to establish another truce collapsed on Thursday, and intense fighting resumed between the forces of Defense Minister Habre and President Goukouni. The latest outbreak probably is the result of efforts by Habre to prevent Goukouni from receiving reinforcements of men and arms. Ndjamena is almost deserted, and an estimated 100,000 Chadians have fled into northern Cameroon. Cameroonian authorities have requested assistance from international relief agencies and from the US and other countries. [redacted]

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Defense Minister Humberto Ortega



Interior Minister Tomas Borge



Junta member Alfonso Robelo

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SPECIAL ANALYSIS

NICARAGUA: Challenges for the Sandinistas

The Sandinistas have made major strides in developing a power base, but continued economic disarray is causing popular resentment. The need to respond to new challenges could place strains on the collegial leadership.

Since their victory eight months ago over the Somoza regime, the Sandinistas have concentrated on building their power base in the military and security forces. Under Humberto Ortega, the Sandinista People's Army has become the primary security organization.

Some 100 Cuban instructors are helping transform the disparate collection of guerrillas into a professional military, and 200 to 300 Nicaraguan soldiers reportedly are training in Cuba. Although poorly equipped even by Central American standards, the Army has dealt effectively with remnants of the National Guard.

Minister of Interior Tomas Borge--again with the assistance of an estimated 100 Cuban advisers--has established a formidable intelligence apparatus but has been less successful in overseeing the development of a police force. Partly as a result, the Sandinistas recently have given new emphasis to building up a local people's militia.

Borrowing heavily from Cuba's experience, the Sandinistas have created mass organizations and tried to use them to rally support for government programs. Frequent purges in the local leadership of these organizations indicate that the Sandinistas continue to have difficulty asserting central control.

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Aided by Cuban specialists, the Sandinistas also have given particular attention to creating a propaganda mechanism. The government maintains a monopoly on television broadcasting, and Radio Sandino and the Sandinista newspaper offer a steady diet of Marxist-Leninist - slanted news. Although Managua continues to tolerate private radio stations and one major independent newspaper, press freedom has eroded in recent months. []

The Sandinistas are moving toward a single-party system dominated by the Sandinista National Liberation Front. In mid-February the Front formalized its working alliance with five small parties by creating the Patriotic Bloc. []

Centrist groups that did not align themselves with the Front probably will be denied the seats assigned to them in the quasi-legislative Council of State scheduled to convene in May. The unity of the Front bloc has been shaken, however, by Sandinista attacks on one of the bloc's labor affiliates. []

Economic Woes and the Private Sector

The economy remains in shambles, and increasing numbers of Nicaraguans are blaming the Sandinistas. Many technicians have emigrated, and businessmen have been reluctant to rebuild without government guarantees against nationalization. The proliferation of state agencies has compounded production and distribution problems. []

Junta member Alfonso Robelo--an independent and an opportunist--is attempting to take advantage of public unrest. At a recent rally, he proclaimed the conversion of his Nicaraguan Democratic Movement into an active political party dedicated to ideological pluralism, free elections, and respect for private property. []

Robelo is serving as a rallying point for the middle class and the private sector--the groups the Sandinistas recognized at the outset as their potentially dangerous

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adversaries. Robelo has stressed his continued commitment to the revolution, however, and the Sandinistas are unlikely to risk the political and economic costs of ousting him from the junta. [redacted] 25X1

Problems With Labor

The Sandinistas have made determined efforts to expand their followers among the working class, which they consider their natural constituency. Nonetheless, they are meeting potentially serious opposition from entrenched Communist labor leaders and from ultraleftist agitators, who have struck a sensitive nerve by challenging the Sandinistas' revolutionary credentials. [redacted] 25X1

The Sandinistas initially recruited--often by heavy-handed means--about three-fourths of the country's organized workers into the Sandinista Workers' Central. Some well-organized locals have resisted Sandinista incursions, however, and labor generally is becoming impatient with exhortations to produce in conjunction with belt-tightening measures. The sharpest challenge to the Workers' Central has come from the large Construction Workers' Union, long associated with a Communist confederation. [redacted] 25X1

Outlook

Opposition to the Sandinistas probably will intensify in the months ahead. Some labor leaders, for example, are biding their time in the belief that the Front is becoming increasingly vulnerable. The need to adjust in the face of new challenges could strain the collegial leadership; the more doctrinaire Sandinistas will press for increased repression while others will counsel a more pragmatic approach. [redacted] 25X1

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